(c) Though, no quantitative assessment of work culture etc. is attempted by RBI, Public Sector Banks have earned post tax profits of Rs. 16,238 crore as against Rs. 4,920 crore reported by the private sector banks in 2005-06. Further, the efficiency ratio of the public sector banks has imporved and was marginally better than that of the new private sector banks for the year 2005-06.

(d) To facilitate quick and efficient decision making and to be able to compete globally, Government of India announced a Managerial Autonomy package for the public sector banks on 22.02.2005. Further, the Boards of public sector banks have been allowed to delegate increased sanctioning powers to the CMDs/EDs.

Appointment of auditors in Banks

4020. SHRIC. PERUMAL: Will the the Minister of FINANCE be pleased to state:

(a) whether Public Sector Banks have been allowed to appoint auditors directly instead of routing through Reserve Bank of India;

(b) whether auditors have expressed their apprehensions against this; and

(c) if so, what action has been taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir.

(b) and (c) Do not arise.

Outsourcing for rationalising operational costs by Banks

4021. SHRI SANJAY RAUT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that several Nationalised Banks are increasingly using outsourcing for rationalising operational costs by avoiding wasteful expenditure;

(b) if so, the details thereof;

(c) whether Government have issued any guidelines or direction to all Nationalised Banks for managing risks arising from such outsourcing activities in the country effectively; and

(d) if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Bank are increasingly using outsourcing for rationalizing operational costs by avoiding wasteful expenditure. In this regard, Reserve Bank of India (RBI) has issued draft guidelines on outsourcing financial services by banks on 6.12.2005 for feedback. The guidelines on outsourcing are intended to provide direction and guidance to banks to adopt sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from such outsourcing activities. In terms of the said draft guidelines banks cannot outsource core management functions like, corporate planning, organization, management and control, and decision making functions like determining compliance with KYC norms for opening deposit account, according sanction for loan and management of investment portfolio.

Opening of closed co-operative banks in Gujarat

†4022. PROF. ALKA BALRAM KSHATRIYA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering to open the closed co-operative banks in Gujaratin the interest of workers and the middle class;

(b) if so/the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) 18 District Cooperative Banks, one State Cooperative Bank and one Apex State Agricultural and Rural Development Bank are operating in Gujarat. Only Urban Cooperative Banks have been closed. No Bank under Short Term and Long Term Credit Structure was closed in the State. As per Reserve Bank of India, there is no such proposal under consideration in respect of Urban Cooperative Bank.

---

†Original notice of the question was received in Hindi.